



Office of Public Utility Counsel

P.O. Box 12397
Austin, Texas 78711-2397
(Tel.) 512/936-7500 • (Fax) 512/936-7520

Suzi Ray McClellan
Public Counsel

RECEIVED

NOV 13 1998

FCC MAIL ROOM

November 12, 1998

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

Re: CC Docket No. 98-170, In the Matter of Truth-in-Billing and Billing Format

Dear Madam:

Please find enclosed an original plus four copies of the Comments of the Texas Office of Public Utility Counsel in CC Docket No. 98-170, In the Matter of Truth-in-Billing and Billing Format. Copies of this filing were also provided to Ms. Anita Cheng of the CCB (including an electronic diskette with accompanying cover letter), ITS, and other parties referenced in the September 17, 1998, NOPRM.

Please return one file-stamped copy of this filing to the office in the enclosed postage-prepaid envelope. You are invited to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Guzman".

Rick Guzman
Assistant Public Counsel

RG:cdm

cc: Enclosures

No. of Copies rec'd 045
List A B C D E

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington D. C. 20544

RECEIVED

NOV 13 1998

In the Matter of

)

)

Truth-in-Billing

)

)

and

)

)

Billing Format

)

FCC MAIL ROOM

CC Docket No. 98-170

COMMENTS OF THE
TEXAS OFFICE OF PUBLIC UTILITY COUNSEL

Kenan Ögelman
Economic Analyst
Texas Office of Public Utility Counsel
1701 N. Congress, Suite 9-180
P.O. Box 12397
Austin, Texas 78711-2397

Rick Guzman
Assistant Public Counsel
Texas Office of Public Utility Counsel
1701 N. Congress, Suite 9-180
P.O. Box 12397
Austin, Texas 78711-2397

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington D. C. 20544

| | | |
|------------------|---|----------------------|
| In the Matter of |) | |
| |) | |
| Truth-in-Billing |) | |
| |) | CC Docket No. 98-170 |
| and |) | |
| |) | |
| Billing Format |) | |

**COMMENTS OF THE
TEXAS OFFICE OF PUBLIC UTILITY COUNSEL**

The Texas Office of the Public Utility Counsel (OPC) appreciates the opportunity to comment on the FCC's Notice of Proposed Rulemaking (NOPR) regarding CC Docket No. 98-170 – In the Matter of Truth-in Billing and Billing Format. This initiative by the Federal Communications Commission (FCC) has the potential to greatly influence the effectiveness of telephone bills in controlling customer fraud, raising customer awareness, and improving the efficiency of deregulated telecommunications markets.

I. Executive Summary

Just as the telecommunication industry is in a state of transition, so is the nature of the telephone bill. A variety of business concerns have found new opportunities to interact with customers through a bill that for a long time represented an exclusive relationship between the customer and their telephone company. Customers have been slow to grasp this change, leading to customer confusion and unfair trade practices, particularly slamming and cramming. Bill design is a prime contributor to both customer confusion and opportunities for unfair trade practices, consequently a change of design

would be helpful in protecting customers and making the telecommunications market more efficient.

Customers need to examine a telephone bill with the scrutiny of their credit card bill. Unfortunately, the average telephone bill does not easily lend itself to such consumer scrutiny. Moreover, customers know they can challenge any item on a credit card bill while too many think they must pay all their telephone charges or lose service. To improve the effectiveness of the telephone bill OPC has four broad suggestions for improvement. First, the organization and design of the bill must change from a confusing mixture of summary charges, advertisements, and un-categorized itemizations to a hierarchical design that identifies basic divisions of services in a summary page and links the subsections listed at the beginning of the bill to the itemizations that follow. Second, the bill should alert customers to changes or new additions to any of the general categories on the summary page and identify the specific item on the itemized pages. Third, customers should be aware of the relationship between paying any one item on their bill and losing local service. Fourth, the description of services on the bill should be concise and clear, with company name and contact number for disputing items other than those which can be cleared through the billing company.

OPC is very supportive of the FCC's efforts in the Truth-in-Billing and Billing Format NOPR. Clearly, present bills do not provide end-user customers with the clear, concise information needed for understanding the charges they are paying. As the Commission has pointed out, consumers must have adequate information about the services that they are receiving and the associated alternatives at their disposal to enjoy the benefits of competitive markets.

II. Need for Added Consumer Protection in Billing

The move to competition in the telephone industry has been accompanied by price deregulation and loosening of regulatory control. Unfortunately, but predictably, competition has also created added opportunity for fraudulent and deceptive practices by some providers. The FCC's efforts in this NOPR are consistent with consumer protection efforts that have been required in other competitive markets. The high incidence of cramming and slamming are reason enough to enact added consumer protections that exist in competitive industries such as credit cards and banking. In Texas approximately 60 percent of the calls received by the Public Utility Commission (PUCT) customer hotline involved complaints about telephone billing.

The transitional nature of the telephone market makes customer protection even more important. End-users, particularly residential end-users, are not yet acclimated to the need to scrutinize their telephone bills. They are used to the protection of regulatory agencies. Moreover, present bill formats do not lend themselves to easy examination. Customers find themselves confused and frustrated by the bill and their rights to challenge portions with which they have issues. To improve the situation OPC encourages the FCC adopt standards in bill organization, identification of changes, description of charges, and customers' rights to protest items of conflict on their bills.

III. Bill Format

OPC participated in several customer focus groups on billing formats in Texas. One theme in both electric and telephone focus groups was that customers wanted both simplicity and the ability to check their bills. These two requests seem to be in conflict with one another. A hierarchical billing format that introduces general categories of

services and in later pages itemizes the general categories should address both customers concerns and avoid confusion in reading the bill. OPC proposes the bill have three general categories that show a total charge for each category appearing on the first page of the bill. These categories should be titled Basic Service, Long Distance Service, and Optional Charges/Services. These same titles would be used to label each itemized section where customers could find detailed charges and descriptions that constitute each general category.

A flag would announce any new charge or change to any of the general categories. The new charge or service would also be flagged in the itemized portion of the bill. Under the title to each itemized section would be a description of the customer's rights to protest this portion of the bill and the consequences of non-payment of this section. Relevant customer service phone numbers could also be included here. The itemized sections would also contain the description of charges.

The typical bill, at this time, has few if any of the features advocated by OPC. The typical bill seen by a customer today is similar to that provided in Attachment 1. In this example titles don't have any hierarchy. One cannot find any item listed in the first page anywhere in the rest of the bill. In fact, one would have to get to the third page of the bill before one can find an index of the charges. In this example the customer must work past advertisements, product registration, and promotional savings graphs to get to the information he or she needs to review their bill for accuracy. Product marketing, advertisements, company promotions should come only after all essential information is first presented, rather than interspersed with bill information.

Participants in focus groups also found that some standardized format in billing would be helpful for those who experience changes in local telephone service as a result of geographic moves.

IV. Identification of Changes

OPC strongly supports the FCC proposal to identify changes in the bill. This feature would be a prime method to reduce cramming and slamming. OPC would like to see the alert not on a separate page, but the cover page of the bill. An identifying symbol or icon with the words “New/Change” could alert a change in long distance provider, or new service addition. The specific item would then again be flagged in the itemized portion of the bill. In the most recent focus group held by the PUCT participating customers voluntarily advocated the use of some sort of alert on the first page of their phone bills to protect them from cramming.

V. Description of Charges

The lack of full descriptions of charges and misleading descriptions is clearly a problem. Requiring accurate descriptions on bills would help to correct consumer misunderstanding about the nature of these charges. Furthermore, accurate descriptions would go far toward empowering customers to protect themselves from cramming. A customer’s bill must identify the company that sold the customer the service or item in question. Listing the billing agent is insufficient and misleading. The description of a provider’s charge must also specifically identify the underlying carrier that engaged in the transaction with the customer, its address, and toll-free number.

Any service billed to the customer must be described using plain and unambiguous language, in terms that are generally understood by an ordinary customer. Unregulated services should not imply that they are part of the regulated service. Such a requirement would ensure that consumers are not misled into thinking that not paying for fraudulent charges will terminate their entire phone service.

VI. Description of Customers' Rights to Protest Bills and Their Obligation to Pay.

OPC would like customers to know the portions of their bill, which if left unpaid, would lead to termination of basic service. No customer should be threatened with disconnection or disconnected for the failure to pay an unregulated charge. A prohibition on disconnection of basic service for nonpayment of unrelated charges is a principal OPC strongly supports. The practice of including unregulated charges in disconnection notices issued by local exchange companies is not only unfair to consumers, it also perpetuates and uneven playing field. There are two ways this may occur. First, when one competitor has the advantage of charges appearing on telephone bills and local disconnection notices and the same charges of another competitor do not, the first competitor receives an advantage, as consumers do not distinguish among the types of charges, and may in fact suffer disconnection for non-payment. The threat of termination offers a competitive advantage to businesses that do bill through the local telephone company. Second, the local telephone company is able to extend its monopoly powers to its billing and collection arm since it is the only billing and collection agency with the ability to threaten local telephone service disconnection for the non-payment other billed

services. Consequently, OPC would also like customers to know the items on their bill that, if in dispute and not paid, will lead to loss of basic service.

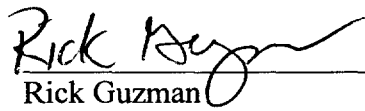
VII. Conclusion

OPC supports the efforts of the FCC to protect consumers through the Proposed Rulemaking: In the Matter of Truth-in Billing and Billing Format. The changes proposed by the FCC will help protect telephone customers from fraudulent business practices at a time of particular vulnerability due to the transitional nature of the industry. The required changes would add little length or costs to the bill. As the attached example bill demonstrates, approximately one-third of the bill already represents advertisements and other matters that are not necessary to be included in any likelihood.

Dated: November 12, 1998

Respectfully submitted,

Suzi Ray McClellan
Public Counsel
Texas State Bar No. 16607620



Rick Guzman
Assistant Public Counsel
Texas State Bar No. 08654670

OFFICE OF PUBLIC UTILITY COUNSEL
1701 N. Congress Avenue, 9-180
P.O. Box 12397
Austin, Texas 78711-2397
512/936-7500
512/936-7520 (Facsimile)

ATTACHMENT A



PAGE 1 OF 6

Telephone Number

Customer ID

Bill Date

January 28, 1998

ACCOUNT SUMMARY

How to Reach Us

Customer Service Hours:

Hrs: Mon.-Fri., 7 a.m.-9 p.m.
Sat. 8 a.m.- 5 p.m.

To order GTE services:

1 800 483-4300

GTE billing questions:

1 800 483-3300

GTE repair Customer Care:

1 800 483-1000

Centro Hispano de GTE:

1 800 PIDA GTE (1 800 743-2483)

For more information
visit us at our website:
www.gte.com

PREVIOUS CHARGES

Amount of last bill.....\$134.02
Payment received. Thank you.....\$134.02
Balance.....\$ 0.00

CURRENT CHARGES

GTE basic charges.....\$ 70.93
Total current charges.....\$ 70.93

Total Amount Due.....\$70.93

Due DateFebruary 11, 1998

Please see reverse side for additional information

Keep ▲

210*HBRDA1
00000108 3E00000000663
10-NC 5668
7046882812 19890118

Detach and return this section with your check payable to GTE

Send ▼

Telephone Number

TOTAL AMOUNT DUE

\$70.93

Please pay
this amount

Due date.....February 11, 1998

Change of
address form
on back

SW11165012029607 I AV 0238

1/31/98

123 MAIN STREET
DALLAS, TX 75247

GTE Southwest
P.O. Box 920041
Dallas, TX
75392-0041

10 5668 2897324651 01N000000000000 00000020114 10

M



Telephone Number

Customer ID

Bill Date

January 28, 1998

PAGE 2 OF 6

ABOUT YOUR BILL

How to pay your bill

Please mail your payment using the return envelope. Include the payment stub to ensure proper credit.

If you pay in person, bring your entire bill, including the payment stub, to an authorized payment location.

Be sure to write your area code and telephone number on your check.

Questions about your bill

If you have questions concerning your bill, please call the appropriate "billing questions" number which appears on the front page of your bill to the left of your charges.

Returned checks

In some states, a returned check charge may apply for each check returned for any reason.

Previous payments

You may have sent us a payment not processed in time to be reflected on your current billing, statement. Please deduct any amount already paid before sending you current payment.

Past due amounts

The due date on your bill only applies to the current charges. Any past due amount should be paid immediately.

Services suspension for non-payment

Based on the state regulatory and notice requirements, once your bill is past due, some or all of your service may be suspended. Charges may apply to suspend and reconnect service. A deposit to reestablish your credit may also be required.

Additional information

Please consult your local Directory for additional billing and service information.

Billing Address Changes and Corrections

| | | | | | | | | |
|----------------------|--|--|-------|--|--|----------------|--|--|
| Last Name | | | First | | | Middle Initial | | |
| Street Address | | | | | | | | |
| City, State, Zip | | | | | | | | |
| () | | | | | | | | |
| Primary Phone Number | | | | | | | | |



PAGE 5 OF 6

Customer ID

Bill Date

January 28, 1998

LONG DISTANCE CALLS

| Date | Number called | Where | Time | Type | Min. | Amount before savings |
|----------|----------------|-----------|-----------|--------------|------|-----------------------|
| 12/08/97 | 1-914-769-2233 | Hawthorne | 9:55 p.m. | night direct | 20 | 5.10* |
| 12/10/97 | 1-914-769-2233 | Hawthorne | 8:55 p.m. | night direct | 10 | 3.50* |
| 12/11/97 | 1-914-769-2233 | Hawthorne | 2:55 p.m. | day direct | 15 | 4.50* |
| 12/20/97 | 1-914-769-2233 | Hawthorne | 9:02 p.m. | night direct | 16 | 4.60* |
| 12/08/97 | 1-914-769-2233 | Hawthorne | 9:55 p.m. | night direct | 12 | 3.10* |
| 12/11/97 | 1-914-769-2233 | Hawthorne | 2:55 p.m. | day direct | 10 | 2.87* |

* Calls eligible for discount

83 \$23.67

GTE EASY SAVINGS DISCOUNTS

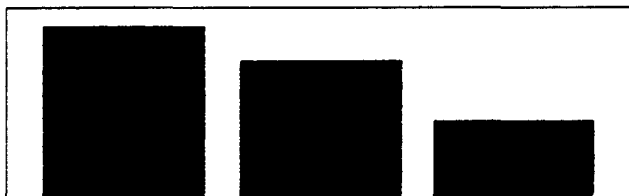
service area
in the last month.

To save money
you may consider our
extended area
calling plan.
Call 1-800-483-5000
for more information.

SAVINGS

Calls eligible for discount\$23.67
Easy Savings discount 9.47
Calls after savings\$14.20

This month you saved \$9.47 with GTE Easy Savings.



Last 3 months savings

BASIC SERVICE TAXES & SURCHARGE

Interstate subscriber line chg. 2 lines \$ 7.00
Federal tax at 3% 2.11
City tax at 1% 1.04
State tax at 6.25%78
911 surcharge50
Total Taxes and Surcharges\$ 11.43

TOTAL CHARGES

GTE Basic service charge\$ 70.93
Total Charges\$70.93



PAGE 6 OF 6

Telephone Number

Customer ID

Bill Date

January 28, 1998

Make plans with two friends at once.



Get three-way calling
and get them both on
the line at the
same time.



CALL 1-800-483-4300

Don't delay, order today!

Keep ▲

Send ▼

Detach and return this section with payment.

210*HBRDA1
00000108 3E00000000663
10-NC 5668
7046882812 19890118

Yes, sign me up for three-way calling
for \$3.50 per month.

SW11165012029607 . AV 0238

1/31/98

123 MAIN STREET
DALLAS, TX 75247

GTE Southwest
P.O. Box 920041
Dallas, TX
75392-0041

10 5668 2897324651 01N00000000000 00000020114 10



PAGE 3 OF 6

PHONE NUMBER

Customer ID

Bill Date

January 28, 1998

PAYMENTS



Payment Received on Jan 15CR \$134.02
Payment applied to previous charges Total CR \$134.02

THIS MONTH'S CHARGES

GTE Basic Service\$43.80
GTE Operator Assistance 1.50
GTE Long Distance Calls14.20
Basic Service Taxes and Surcharges..... 11.43
Total GTE Charges\$ 70.93

It's our privilege to serve you.

Total Current Charges.....\$ 70.93

BASIC SERVICE CHARGE

SERVICE PERIOD (JAN. 28 TO FEB. 28)

**These services are
necessary for you to use
your phone**

LOCAL SERVICE CHARGE

Residence line 2 at 7.50\$ 15.00
Extended area service 2 at 7.25 14.50
Subtotal\$ 29.50

**These services are
provided at your request**

OPTIONAL SERVICE CHARGE

Inside wire maint plan 2 at 1.50\$ 3.00
Caller id/name and number 6.50
Touch call 2 at 1.50 3.00
Call waiting 1.80
Subtotal\$ 14.30

Total.....\$ 43.80



PAGE 4 OF 6

Telephone Number

Customer ID

Bill Date

January 28, 1998

GTE OPERATOR ASSISTANCE

SUMMARY OF DIRECTORY ASSISTANCE CALLS

| | |
|--|----------------|
| 6 local area call(s) at no charge | 0.00 |
| 5 local area call(s) at \$.30 per call | 1.50 |
| Total | \$ 1.50 |

MAKE YOUR LIFE EASIER



GTE is an official sponsor of
Literacy Volunteers

Use caller ID during dinner to screen out unwanted calls.

Provide safety for your children by teaching them to answer calls only from people they know with the caller ID display.

Feel safe with call waiting that your child can get through to you even if you're on the phone.

Use call waiting so that you don't miss an important call.